

**LIBRARY OF CONGRESS
TRUST FUND BOARD
ANNUAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 1995**

Prepared for the Secretary of the Board
by the Financial Services Directorate



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Financial Services

September 1996

**THE LIBRARY OF CONGRESS
TRUST FUND BOARD**

FINANCIAL STATEMENTS FOR FISCAL YEAR 1995

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**LIBRARY OF CONGRESS TRUST FUND BOARD
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FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 1995**

INTRODUCTION

The Library of Congress Trust Fund Board, established in 1925, accepts gifts (other than gifts for immediate disbursement) and oversees the investment of those gifts (trust funds) for the benefit of the Library's collections and services. The Board has established investment policy, and the Library of Congress has implemented procedures to carry out the policy, to invest the trust funds to ensure that the wishes of the donors can be executed to the highest degree possible. Investment policy has necessarily varied depending upon the terms of the individual trust funds and the restrictions on principal and earnings. Also, over the years, the Board has modified its investment policy as permitted to maximize the returns on the funds' principal.

During fiscal year 1995, the investments were primarily in the following categories:

Permanent Loan with the U.S. Treasury

Long and Short Term U.S. Treasury Securities

Private Sector Investments - managed by NationsBank Trust Company and ASB Capital Management, Inc.

Annually, the Library of Congress reports on the financial position of the Trust Funds. This annual report for fiscal year 1995 is comprised of four sections:

1. Overview - Background information on the Trust Fund Board and discussion of the financial information
2. Financial Statements and accompanying notes
3. Combining Statements - Financial information related to each trust fund
4. Supplemental Financial and Management Information - Reconciliations and graphics of financial data.

1. *OVERVIEW*

The Library of Congress Trust Fund Board

The Library of Congress Trust Fund Board Act of March 3, 1925, as amended (2 U.S.C. 154-163), created the Library of Congress Trust Fund Board, a quasi-corporation with perpetual succession. The Board has the usual powers of trustees, including the authority to:

- ▶ "accept, receive, hold, and administer such gifts, bequests, or devises of property for the benefit of, or in connection with the Library, its collections, or its service, as may be approved by the Board and by the Joint Committee on the Library;"
- ▶ "invest, reinvest, or retain investments" after being receipted for by the Secretary of the Treasury;
- ▶ deposit trust funds "with the Treasurer of the United States as a permanent loan to the United States Treasury, and the Treasurer shall thereafter credit such deposit with interest at a rate which is the higher of the rate of 4 per cent per annum or a rate which is 0.25 percentage points less than a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding long-term marketable obligations of the United States;" and
- ▶ "adopt rules and regulations in regard to its procedure and the conduct of its business."

Public Law 102-246, approved February 18, 1992, expanded the size of the Trust Fund Board from five members to thirteen members. In addition to three ex-officio individuals, Board membership consists of two appointed by the President, four appointed by the House of Representatives, and four appointed by the Senate. As of September 30, 1995, twelve Board positions were filled. The membership included the three ex-officio members and nine individuals -- two appointed by the President, four appointed by the Senate, and three by the House of Representatives.

A. Ex-Officio Members

Mark O. Hatfield, U.S. Senator from Oregon, Chairman, Joint Committee on the Library

Robert E. Rubin, Secretary of the Treasury

James H. Billington, Librarian of Congress and Chairman, Library of Congress Trust Fund Board

B. Presidential Appointees

Patricia Duff (term expires August 2000)

Ceil Pulitzer (term expires March 1997)

C. Senate Appointees

Adele Hall (term expires June 2000)

John W. Kluge (term expires February 1998)

Arthur Ortenberg (term expires February 1997)

Edwin L. Cox (term expires June 1996)

D. House of Representatives Appointees

Thomas Foley (term expires January 1999)
Peter S. Lynch (term expires January 1998)
Laurence A. Tisch (term expires January 1997)

During fiscal year 1995, the Board met on May 2, 1995. It considered and decided upon the following issues: (1) to form an investment subcommittee to be chaired by Mr. Peter Lynch and include one or two other board members to be named by Dr. Billington for the purpose of developing new investment strategies; (2) to accept a gift of \$5,000 from the Sigmund Freud Archives in New York City to establish the Sigmund Freud Fund; and (3) to support the introduction of legislation authorizing the issuance and sale of two commemorative coins (\$1 silver and \$.50 silver clad) marking the bicentennial of the Library of Congress in the year 2000.

Pursuant to a poll initiated on July 6, 1995, by the Chairman, the Board agreed to the following: (1) acceptance of the collection of approximately 15,000 sound recordings of composer-playwright Stephen Sondheim with the condition that the Board may sell any items in the collection which duplicate or are surplus to its holdings and use the receipts for the benefit of the Sondheim or similar collections in the Library; and, (2) acceptance of a charitable remainder trust of the late Janeiro B. Schmid to establish the Karl B. Schmid Memorial Fund to promote and advance the performance of music programs. The Board directed the Chairman to invest the entire principal in the Permanent Loan account in the U.S. Treasury, the income therefrom to be used as the trust provides.

See Subsequent Events (Note 10).

Investment Policy

From the inception of the Trust Fund Board until 1937, the Board invested in a variety of corporate bonds and, to a lesser extent, common stocks. The Permanent Loan with the Treasury, which was established by the Congress in 1912 specifically for the Hubbard Fund, was an option for all gifts accepted by the Board. However, at first, it was used only occasionally because it offered a lower return than other investments. Beginning in 1937, the Board began moving the funds to the Permanent Loan because its guaranteed rate of 4 percent had become more attractive and provided a predictable amount of income to ensure the continuity of the programs the funds supported. In 1962, the Congress increased the deposit limit on the Permanent Loan to \$10 million dollars, and the Board's investment strategy was to place most new trust funds in the Permanent Loan. In 1974, the Board authorized the investment of unexpended income from the funds in short-term U.S. Treasury securities. In 1975, to increase the returns, the Board authorized investment in a long-term Treasury Bond for funds not specifically required to be in the Permanent Loan.

In 1976, the fixed statutory rate on the Permanent Loan was amended by an Act of Congress (Public Law 94-289) to a variable long-term rate set by the Secretary of Treasury with a floor of 4 percent. Because the rate retained a guaranteed minimum of 4 percent, a .25 percent reduction from the long-term Treasury rate was put into the law.

During the 1990's, trust funds have been invested in one of four ways:

The Permanent Loan to the U.S. Treasury

Long-term U.S. Treasury Bond, 8.5 percent, maturity date May 15, 1999
(Bond was called in May 1994.)

Short-term U.S. Treasury bills and notes

Stocks, bonds, and other instruments held in trust by ASB Capital Management Inc., and NationsBank Trust Company, a subsidiary of NationsBank.

In 1993, the Board, as recommended in an Investment Management Paper prepared by the Library's Financial Services and dated October 1992, approved three changes to improve the return on the trust fund investments:

the investment of obligated funds;

the creation of an investment pool to be maintained through the use of a computer system; and

relaxation of the restrictions requiring the Madison, Development and Gershwin funds to invest only in short-term Government securities.

In 1993, the Library implemented an investment management system (IMS) that provided accounting for individual trust funds in a pooled environment permitting the creation of a Treasury investment pool for better investment returns. The Board's decision to permit the Treasury pool, the investing of obligated funds, and the investing in longer-term securities substantially increased the returns on the funds.

The Permanent Loan continues to be an attractive investment because funds earn a long-term interest rate whether or not the funds are invested on a long-term basis. Also, because the Permanent Loan is a par value investment, there is no risk of loss to principal if interest rates rise significantly. During fiscal 1995, investment in the Permanent Loan was maintained at or near the ceiling.

In a meeting in December 1995, the Board approved major changes to the investment policy including a change in the private sector money manager. (See Note 10, Subsequent Events.)

Discussion and Analysis of Financial Information

1. Changes in Accounting Principles and Standards

Following an audit of the Library of Congress' fiscal year 1995 consolidated financial statements the Library implemented two changes in its accounting standards which affect the trust fund statements:

Recognition of gift pledges - Based on new statements by the Financial Accounting Standards Board, Price Waterhouse LLP, the Library's auditors, recommended that the Library recognize gifts to the Trust Fund Board which have been pledged for a specific time but not received as of the date of financial reporting. Pledges receivable in the amount of \$8,992,315 are included in these statements -- \$6,812,315 for fiscal 1995 and an adjustment of \$2,180,000 for prior years.

Recognition of unrealized revenues - Price Waterhouse LLP recommended that unrealized gains on private sector investments be recognized annually. Therefore, the private sector investments are presented at market value in the Statement of Financial Position.

2. Financial Position

During 1995, the trust fund assets increased from \$25.5 million to \$45.2 million. The large increase is attributed to several large gifts from corporate and individual donors for the National Digital Library program. Also, some of the gifts were in the form of pledges which will be received in the future but are recognized in 1995 due to the change in the accounting policy described above. Finally, an additional increase can be attributed to recognition of unrealized gains on private sector investments of \$560,345.

As of September 30, 1995, there were 84 separate Library of Congress Trust funds (including the G. M. Hubbard Fund) with a combined total fund balance of \$43,687,990. Funds with a market value of \$12,917,822 for ten trust funds were held by NationsBank Trust Company (a subsidiary of NationsBank). The trust fund also received a 50 percent share of the annual income of the Archer M. Huntington Fund (market value of \$3,801,700) held and managed by the Bank of New York as well as 37.5 percent of the income from a trust established by Leonore (Mrs. Ira) Gershwin.

At the direction of the Trust Fund Board or as specified by the donor, available trust funds were invested in one of the following three ways during fiscal 1995:

- ▶ U.S. Treasury Permanent Loan (limit of \$10,000,000).
- ▶ U.S. Treasury short-term investments (used primarily for reinvestment of trust fund income).
- ▶ Private Sector investments held in trust by NationsBank Trust Company and managed by ASB Capital Management, Inc.

3. Operations

Trust Fund revenues totalled \$20,922,685 for fiscal 1995 including \$11,850,751 in new gifts and bequests, \$6,812,315 in current value of donation pledges, and

\$1,340,113 in investment income and other gains. After subtracting trust fund expenses of \$3,816,357, net transfers of \$920,374, and entering a prior year adjustment for donation pledges of \$2,180,000 for years prior to fiscal 1995, the combined trust fund balance grew by \$18,365,956. New gifts and bequests, increases in interest, plus the fiscal year-end adjustments to begin reporting donation pledges, accounted for the major portion of the increase in the fund balance this fiscal year.

Total expenses increased by 94 percent primarily due to National Digital Library (NDL) activities. Staff support increased significantly for the NDL operations, the Junior Fellows, Development, and the Leadership Development Fund. Likewise, consulting and other service fees and acquisition of capital assets showed large increases in these funds due to the increased activity in the major programs. The Gershwin Fund activities accounted for a large portion of the increase in performances and sound reproduction services and materials.

Major contributions to the Trust Fund during fiscal 1995 were:

- ▶ National Digital Library (NDL) Fund - \$7,331,000
- ▶ Kellogg Foundation for NDL - \$970,000
- ▶ James Madison National Council Fund - \$1,051,430
- ▶ Jones Global Library Fund - \$1,000,000
- ▶ Ira and Leonore Gershwin Fund - \$500,000
- ▶ Development Fund - \$500,000
- ▶ Junior Fellows Program - \$255,850

4. Combining Statements

Combining statements disaggregates data to allow for more detailed analysis. The Summary of Income and Obligations for Trust Funds displays the overall activity in the Trust Fund. Obligations totalling \$5,114,653 for fiscal 1995, which generally represent funds that have been committed for spending on the various programs, include certain principal amounts invested in the Permanent Loan or transferred to the private sector for investment.

Unobligated funds available for spending are displayed as \$15,480,041. This includes amounts invested in the Permanent Loan that are available for obligation but does not include amounts invested in the private sector that are available. Unobligated funds available in the private sector investments, which include unrestricted principal and invested income, total \$3,230,570. This increases the amount available for expenditure to \$18,710,611.

Since each trust fund is considered a separate accounting entity, information showing the fiscal 1995 activity and composition of obligations has been included as supplemental information in this annual report.

2. FINANCIAL STATEMENTS

LIBRARY OF CONGRESS TRUST FUND BOARD
COMBINED STATEMENT OF FINANCIAL POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 1995, AND 1994

	September 30, 1995	September 30, 1994
ASSETS		
Funds with U.S. Treasury (Note 2)	\$639,136	\$514,497
Investments (Note 3):		
U.S. Treasury – Short Term (Net)	12,481,703	3,772,543
Private Sector Securities (at Market)	12,917,822	11,172,442
Permanent Loan to U.S. Treasury	9,999,999	9,996,852
Receivables:		
Pledges Receivable (Note 4)	8,992,315	
Accrued Bond Amortization, Interest, and Accounts Receivable (Note 5)	183,352	19,570
Total Assets	\$45,214,327	\$25,475,904
LIABILITIES AND FUND BALANCE		
Total Liabilities (Note 6)	\$965,992	\$153,870
Unrealized Gain on Investments (Note 7)	560,345	
Fund Balance	43,687,990	25,322,034
Total Liabilities and Fund Balance	\$45,214,327	\$25,475,904

The accompanying notes are an integral part of these statements.

LIBRARY OF CONGRESS TRUST FUND BOARD
 COMBINED STATEMENT OF OPERATIONS
 FISCAL YEARS ENDED SEPTEMBER 30, 1995, AND 1994

REVENUE	1995	1994
Interest – U.S. Treasury Investments:		
Short Term Treasury Investments	\$696,973	\$136,052
Permanent Loan	706,013	616,196
Permanent Loan – G. M. Hubbard Bequest	1,429	1,269
Long Term Treasury Bond		58,689
Total Interest	\$1,404,415	\$812,206
Investment Income Transferred to the Library – Privately Held Investments (See Note 8–B)	276,000	288,979
Increase in the Cost Value of Private Investments excluding transfers (Note 8–B)	575,893	236,498
Miscellaneous Revenues	3,311	2,430
Gifts, Bequests, and Grants (Note 9)	11,850,751	2,913,038
Increase in Pledges (Note 4)	6,812,315	0
Total Revenue	\$20,922,685	\$4,253,151
EXPENSES		
Staff Support	\$1,532,591	\$545,356
Travel and Transportation	196,781	130,287
Supplies and Materials	33,074	13,817
Printing and Reproduction	187,308	89,863
Performances	372,631	370,239
Professional & Consulting Fees	719,232	396,167
Other Services	734,718	350,310
Grants	40,000	65,080
Postage	22	5,824
Total Expenses	\$3,816,357	\$1,966,943
Excess of Revenue over Expenses before Transfers	\$17,106,328	\$2,286,208
Transfers In (Out):		
Acquisition of Capital Assets (Note 1–D)	(\$702,874)	(\$409,374)
From Library of Congress Gift Funds/Service Fees (Note 9)	(217,500)	122,066
Total Transfers	(\$920,374)	(\$287,308)
Rounding	2	
Excess of Revenue over Expenses and Transfers	\$16,185,956	\$1,998,900
Fund Balance Beginning of Fiscal Year	25,322,034	23,323,134
Prior Year Adjustment for Donation Pledges (Note 4)	2,180,000	
Fund Balance End of Fiscal Year	\$43,687,990	\$25,322,034

The accompanying notes are an integral part of these statements.

LIBRARY OF CONGRESS TRUST FUND BOARD
STATEMENT OF CASH FLOWS
FISCAL YEARS ENDED SEPTEMBER 30, 1995, AND 1994

	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenues and Financing Sources over Total Expenses and Transfers	\$16,185,956	\$1,998,900
<i>Adjustments affecting Cash Flow:</i>		
Amortization of Long-term Bond	0	1,389
Loss on Call of Long-term Bond	0	11,109
Transfers to /(from) Gift/Service Fee Accounts	(217,500)	(122,066)
Change in Interest and Accounts Receivable	(163,782)	25,889
Change in Liabilities	812,122	83,330
Net Cash Provided by Operating Activities	<u>\$16,616,796</u>	<u>\$1,998,551</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Par proceeds from Long-term Bond Call	0	1,340,000
Change in Short term investments	(8,709,160)	(3,772,543)
Change in Permanent Loan investment	(3,147)	(321,139)
Change in Donation Pledges	(6,812,315)	0
Change in Private Sector investment	(1,185,035)	(3,120,726)
Net Cash Used by Investing Activities	<u>(\$16,709,657)</u>	<u>(\$5,874,408)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Transfers to/(from) Gift/Service Fee Accounts	217,500	122,066
Net Cash Provided/(Used) by Financing Activities	<u>217,500</u>	<u>122,066</u>
NET INCREASE (DECREASE) IN CASH	124,639	(3,753,791)
Fund Balances with the U.S. Treasury, Beginning	<u>514,497</u>	<u>4,268,288</u>
Fund Balances with the U.S. Treasury, Ending	<u><u>\$639,136</u></u>	<u><u>\$514,497</u></u>

The accompanying notes are an integral part of these statements.

LIBRARY OF CONGRESS TRUST FUND BOARD
RECONCILIATION OF OBLIGATIONS TO
STATEMENT OF OPERATIONS EXPENSE ACCOUNT
FISCAL YEAR ENDED SEPTEMBER 30, 1995

Obligations, per summary (3-C)			\$5,114,653
Add:			
Transfers from Gift Funds, Permanent Loan		\$680,829	
Net Change in Staff Support, Accrued Annual Leave			
Balance 9/30/95	\$84,898		
Less: Balance 9/30/94	<u>3,959</u>	80,939	
Rounding		<u>2</u>	<u>761,770</u>
Subtotal			\$5,876,423
Deduct:			
Balance of Unliquidated Payables		\$149,303	
Net Change in Unliquidated Obligations			
Balance 9/30/95	\$1,793,583		
Less: Balance 9/30/94	<u>587,060</u>	1,206,523	
Outstanding Deferred Vouchers		1,366	
Transfer of Capital Assets		<u>702,874</u>	<u>2,060,066</u>
Expenses per Statement of Operations			<u>\$3,816,357</u>

The accompanying notes are an integral part of these statements.

**LIBRARY OF CONGRESS TRUST FUND BOARD
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1995**

Note 1. Significant Accounting Policies

A. Reporting Entity

The Library of Congress is a legislative agency. In 1909, the first Library of Congress bequest of money was received from Mrs. Gertrude Hubbard to benefit the Gardiner Greene Hubbard Collection. Because the Library was not empowered to accept gifts of money, the bequest was accepted by an Act of Congress (Public Law (37 Stat. 319-20) on August 20, 1912.

In 1924, the Librarian of Congress requested authority to accept future gifts and bequests of money. The following year, the Congress created the Library of Congress Trust Fund Board (2 U.S.C. 154-163) et seq.) as a quasi-corporation with perpetual succession and all the usual powers of a trustee, including the power to "invest, or retain investments" and, specifically, the authority "to accept, receive, hold, and administer such gifts, bequests, or devises of property for the benefit of, or in connection with, the library, its collections, or its services, as may be approved by the Board and by the Joint Committee on the Library."

B. Basis of Presentation

The accompanying combined financial statements report the financial position of the Library of Congress Trust Fund Board and the results of its operations for the fiscal years 1995 and 1994. The statements were prepared from the Library of Congress financial management system in accordance with the form and content for entity financial statements specified by the Library's Financial Management Regulations and Directives and the accounting policies summarized in this note. The combined financial statements include the assets, liabilities, fund balances, and financial operations of all funds governed by the Library of Congress Trust Fund Board, each of which is considered a separate accounting entity.

For purposes of financial reporting, the Library of Congress Trust Fund Board conforms with the accounting principles and standards adopted by the Library of Congress, a legislative agency, as set forth in the Library of Congress Regulation 1510, Financial Management. This regulation states that the Library conforms with the executive branch reporting requirements in a manner consistent with a legislative agency.

C. Basis of Accounting

The General Accounting Office (GAO), Office of Management and Budget (OMB), and Department of the Treasury established the Federal Accounting Standards Advisory Board (FASAB) for the purpose of considering and recommending accounting principles, standards, and requirements to GAO, Treasury, and OMB. The three principals of FASAB, the Comptroller General, the Secretary of the Treasury, and the Director of OMB, will decide upon new principles, standards, and requirements after considering FASAB's recommendations. The resulting standards are concurrently issued by GAO

and OMB. Pending issuance of a sufficiently comprehensive set of accounting standards, and in accordance with interim guidance agreed to by the three principals, the accompanying financial statements have been prepared in accordance with the following hierarchy of accounting principles and standards:

Individual standards agreed to and published by the Joint Financial Management Improvement Program (JFMIP) Principals, GAO, OMB, and the Department of the Treasury;

Form and content requirements included in OMB Bulletin 94-01, dated November 16, 1993, and subsequent issuances;

Library of Congress Regulations and Financial Services Directives; and

Accounting principles published by authoritative standard-setting bodies and other authoritative sources (1) in the absence of other guidance in the first three parts of this hierarchy, and (2) if the use of such accounting standards improve the meaningfulness of the financial statements.

The combined financial statements are presented on the accrual basis of accounting in accordance with accounting principles prescribed by the Library's Financial Services Regulation 1510. Under this basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The amount of accounts payable shown is based upon an estimate.

D. Capital Assets

The accompanying combined statement of financial position does not include capital assets because such assets are available for the general use of the Library of Congress. Accordingly, acquisitions of capital assets are shown when purchased as transfers to the Library of Congress general fund. Such transfers of furniture, equipment, and collections purchased are recorded at cost.

E. Income Tax

The Library of Congress is an instrumentality of the United States and, as such, is not subject to income taxes.

Note 2. Funds with U.S. Treasury

The Library's policy is to invest cash in income producing investments. This amount represents unexpended balances on the Library's accounts with the U.S. Treasury.

Note 3. Investments (Net)

ENTITY ASSETS	Cost	Unamortized Premium	Unrealized Discount	Investment (Net)	Market Value
A. Intragovernmental Securities, Non-Marketable, Market-Based	\$12,543,873	\$ 29,597	\$(91,667)	\$ 12,481,703	\$12,590,295
B. Governmental Securities, Private Sector	\$12,357,476			\$ 12,357,476	\$12,917,822

A. U. S. Treasury

Investments in U. S. Treasury short-term securities are stated net of any unamortized premium or discount.

B. Private Investments

Investments with the private sector are held by NationsBank Trust Company and managed by ASB Capital Management, Inc. (both are wholly owned subsidiaries of NationsBank) as directed by the Trust Fund Board. The Library typically reinvests all the income generated from the Swann Fund account at ASB Capital (NationsBank Trust Company). The Swann Fund's program expenses are generally satisfied from the income produced from the investment (\$540,842) in the Permanent Loan. The Goldman and Junior Fellows Funds seek maximum current income, therefore, they are completely invested in bonds and money market securities. The Junior Fellows fund allows for invasion of principal. The Combined Fund was established in May 1994 for investment of the principal of 23 trust funds. The principal was returned through the calling of the Long-Term Bond. The Scala trust, which is invested in the Combined Fund, allows for invasion of principal.

In addition to the private trust funds held by NationsBank Trust Company, the Archer M. Huntington Fund for the Hispanic Room and the Chair of Poetry of the English language is held and managed by the Bank of New York. The Bank and the Librarian are co-trustees for this account. Since the Bank of New York controls these funds, securities valued at \$3,801,700 are not recorded as assets of the Library of Congress Trust Fund. The trust fund's interest in this endowment is limited to 50 percent of the annual income. For fiscal 1995, the Library received \$57,195 which was included in gifts received by the Library.

Similarly, the Library is a 37.5 percent beneficiary of the income generated from a trust established by Leonore S. Gershwin. The will of Mrs. Leonore Gershwin established the "Library Charitable Trust" which was accepted by the Library of Congress Trust Fund Board in January 1992. The charitable trust does not belong to the Library but is a separate entity administered by trustees. In addition to investing Mrs. Gershwin's initial endowment, the trustees are responsible for augmenting it through licensing and other fees. The trustee remits funds to the Library monthly or in installments to carry out the terms of the trust. In fiscal 1995, the Library received \$500,000. The balance or principal of the trust will be distributed to the Library in 2033, fifty years after the date of death of Ira Gershwin. As of September 30, 1995, the charitable trust income account had a balance of \$1,038,643 which was available for activities following the development of project requests by the Library.

Securities with the private sector (ASB Capital Management, Inc.) are stated at market value which includes an unrealized gain of \$560,345 (see Note 7). The Library of Congress amortizes premiums and discounts using the straight line method, which approximates the effective interest rate method. Purchases and sales of investments are recorded on the date orders for security transactions are executed (i.e., the trade date). Dividend income is recorded on the ex-dividend date.

C. Permanent Loan to U. S. Treasury

An act of Congress, approved March 3, 1925, and subsequently amended, permits up to \$10,000,000 of the trust funds to be invested with the United States Treasury as a perpetual loan, at a floating rate of interest, adjusted monthly, but no less than four percent per annum.

As of September 30, 1995, \$9,999,999 (including G. M. Hubbard) was invested in the permanent loan to the U.S. Treasury at an interest rate of 7.1%.

Note 3-B – Private Investments

The private investments held at September 30, 1995 were as follows:

Trust Fund Name	Cost	Market Value	Transfers to NationsBank Trust Co.	Estimated Annual Income	Income to the Library	Principal to the Library
Leonora J. McKim	\$2,987,966	\$3,226,034		\$133,700	\$30,000	
Combined Fund	1,961,543	2,051,572	438,600	130,200		
Coolidge Foundation	821,258	849,544		56,200	13,000	
Joanna J. Goldman Memorial	404,372	398,450		26,300	10,500	
Carolyn R. Just	2,666,403	2,710,182	1,269	159,700	88,000	
Junior Fellows	502,349	523,960	237,242	36,400	9,500	\$73,500
Kindler Foundation	239,050	234,836		12,700		
Katie & Walter Louchheim	133,679	132,798		7,200		
Harold & Rose Spivacke	1,036,397	1,080,852		57,600	55,000	
Erwin & Caroline Swann Memorial	1,604,459	1,709,594		62,700	70,000	
Total Private Funds	\$12,357,476	\$12,917,822	\$677,111	\$682,700	\$276,000	\$73,500

* The donation proceeds from the sale of the Swann Foundations assets of \$438,600 were temporarily placed in the Combined Fund pending final acceptance. The market value of the Combined Fund was adjusted for the unrealized gain on the Swann Foundation gift. Interest earned on the gift before its acceptance will be remanded to the Treasury.

Note 4. Pledges Receivable

Based on the recommendation of the Library of Congress auditors, Price Waterhouse LLP, the trust fund accounts were adjusted at fiscal year-end 1995 to account for the present value of donation pledges. Pledges with a present value of \$8.992 million were entered as pledges receivable:

.	Fiscal 1995	\$6,812,315
.	Prior years	2,180,000

The major portion, \$8.6 million, was pledged to support the National Digital Library program.

Note 5. Accrued Bond Amortization, Interest, and Accounts Receivable

The above assets were comprised of the following accounts:

Accounts Receivable	\$ 17,945
Accrued Interest	152,912
Travel Advances	<u>12,495</u>
Total	<u>\$183,352</u>

Note 6. Liabilities

Liabilities include a deferred credit for Swann Foundation donations. As of September 30, 1995, these donations had been accepted by the Trust Fund Board but were pending acceptance by the Joint Committee on the Library (see Note 3-B). Other liabilities are accounts payable including costs for payroll and other program services and expenses that had been received and/or accrued but remained unpaid at the end of the fiscal year; and annual leave accrued for employees paid from trust funds:

Deferred Credits (Swann Foundation)	\$438,600
Accounts Payable	442,494
Accrued Employee Annual Leave	<u>84,898</u>
Total	<u>\$965,992</u>

Note 7. Unrealized Gain on Investments

On recommendation of the Library's auditors, Price Waterhouse LLP, the trust funds invested with the private sector are presented at market value. The unrealized gain represents the difference between the cost and market value of the investments.

Note 8. Increase in Cost Value of Private Investments

A.

Trust Fund Name	Cost 9/30/95	Cost 9/30/94	Increase in Value	Donations/ Transfers	Increase excl. Transfers
Combined Fund	\$1,961,543	\$1,422,624	\$538,919	\$438,600	\$100,319 *
Coolidge Foundation	821,258	790,804	30,454	0	30,454
Joanna J. Goldman Mem.	404,372	393,975	10,397	0	10,397
Junior Fellows	502,349	316,495	185,854	163,742	22,112
Carolyn R. Just	2,666,403	2,576,478	89,925	1,269	88,656
Leonora J. McKim	2,987,966	2,815,789	172,177	0	172,177
Louchheim Foundation	133,679	123,251	10,428	0	10,428
Kindler Foundation	239,050	220,248	18,802	0	18,802
Harold & Rose Spivacke	1,036,397	999,481	36,916	0	36,916
Caroline & Erwin Swann	1,604,459	1,513,299	91,160	0	91,160
Total Investments	\$12,357,476	\$11,172,444	\$1,185,032	\$603,611	\$581,421

*Includes income earned on temporarily accepted donation that is due U.S. Treasury in the amount of \$5,528.

The cost value of these investments increase due to donations, the receipt of interest income, dividend income, and capital gains; it decreases as a result of capital losses and transfers to the Library of Congress. The net gain to the Library from private investments is outlined below. This does not include the amount of \$57,195 received from the Bank of New York for the Huntington fund and the \$500,000 received from the trustees of the Leonore Gershwin Estate.

B.

Trust Fund Name	Income Transferred to Library	Increase in Cost Value	Net Gain	
			U.S. Treasury	Library
Combined Fund	\$0	\$100,319	\$5,528	\$94,791 *
Coolidge Foundation	13,000	30,454	0	43,454
Joanna J. Goldman Mem	10,500	10,397	0	20,897
Junior Fellows	9,500	22,112	0	31,612
Carolyn R. Just	88,000	88,656	0	176,656
Leonora J. McKim	30,000	172,177	0	202,177
Louchheim Foundation	0	10,428	0	10,428
Kindler Foundation	0	18,802	0	18,802
Harold & Rose Spivacke	55,000	36,916	0	91,916
Caroline & Erwin Swann	70,000	91,160	0	161,160
Total Investments	\$276,000	\$581,421	\$5,528	\$851,893

Net increase in cost value is \$575,893 (\$581,421 - \$5,528)

Note 9 – Gifts, Bequests, Grants, and Fund Transfers

Gifts, bequests, grants, and fund transfers occurring during fiscal 1995 totaled \$11,633,251 as detailed below:

<i>Fund Name</i>	<i>Permanent Gifts/Grants & Bequests</i>	<i>Loan Transfers</i>	<i>Treasury Gifts/Grants & Bequests</i>	<i>Investment Transfers</i>	<i>Account Gift Fund Transfers</i>	<i>Private Gifts/Grants & Bequests</i>	<i>Sector Transfers</i>
Allen, Rae Virginia	\$500						
Billington, James H.	1,000	\$10,000	\$10,000	(\$10,000)			
Combined						\$438,600	
Development			235				
Gershwin, Ira & Leonore			500,000				
IBM – Eames		(100,000)	57,195	100,000			
James Madison National Council		(934,595)	1,051,430	934,595	(\$217,500)		
Jones Global Library – Network	1,000,000		50,000				
Junior Fellows			255,850	(163,742)			\$163,742
Just, Carolyn Royall			1,379	(1,269)			1,269
Korean		(100,000)		100,000			
Leadership Development		110,000	500,000	(110,000)			
Mary Pickford Foundation		(50,000)		50,000			
National Digital Lab			7,331,000				
Kellogg Foundation – NDL			970,000				
Parsons	5,465	11,255	11,255	(11,255)			
Project Judaica			4,823				
Schmid	57,609						
Sigmund Freud			41,097				
Thanhouser Endowment	913	(10,000)		10,000			
Vincent, Monroe & Rose	1,000						
Total	\$1,066,487	(\$1,063,340)	\$10,784,264	\$898,329	(\$217,500)	\$438,600	\$165,011

Total Gifts/Grants & Bequests: \$1,066,487 + \$10,784,264 = \$11,850,751.

Total Gift Fund Transfers: (\$217,500).

Total Gifts, Bequests, Grants, and Fund Transfers: \$11,850,751 – \$217,500 = \$11,633,251.

Gift of Swann Foundation Pending Final Acceptance: \$438,600.

Note 10. Subsequent Events

A. **Investments**

The Trust Fund Board met on December 4, 1995, and adopted a number of resolutions that fundamentally change the Library's investment policy:

1. Restructure the short-term Treasury investment pool by extending the maximum maturity of the short-term Treasury investments from two to five years.
2. Terminate the Library's management agreements with NationsBank and ASB Capital Management.
3. Create a new non-Treasury Growth-Income Pool which consists of four stock mutual funds and one money market fund.

The purpose of the new policy is to increase long-term investment return by increasing the investments in stocks and removing funds from the current non-Treasury investment manager who had an average to below average return-on-investment record. In May 1996, The Library completed the liquidation of the accounts with NationsBank and ASB Capital Management and, in August 1996, opened new accounts with the three mutual stock funds and one money market fund.

The new policy provides three options for investment of the trust funds:

- . The permanent loan with the U.S. Treasury
- . The short-term Treasury pool
- . The private investment pool consisting of four stock funds and one money market fund. The funds recommended by the Investment Committee and approved by the Board are:
 - . Vanguard Money Market Prime Fund
 - . CGM Mutual Fund
 - . Mutual Beacon Fund
 - . Fidelity Fifty
 - . Fidelity Stock Selector

B. Other Business

The Board ratified two poll votes taken since the last meeting:

1. Acceptance of the Stephen Sondheim collection of approximately 15,000 sound recordings with the condition that the Board may sell any items in the collection which duplicate or are surplus to its holdings and use the receipts for the benefit of the Sondheim or similar collection in the Library.
2. Acceptance of the charitable remainder trust of the late Janeiro B. Schmid to establish the Karl B. Schmid Memorial Fund.

C. New Board Members

In March 1996, the Speaker of the House of Representatives appointed Mrs. Marguerite S. Roll, Paradise Valley, Arizona, to a 3-year term on the Trust Fund board. Shortly thereafter, Mrs. Roll died. Her seat on the Board is now vacant.

In May 1996, Senator Dole appointed Ms. Julie Finley, Washington D.C. to replace Mr. Edwin Cox whose term was due to expire on June 30, 1996. Ms. Finley's term expires in the year 2001.

3. COMBINING STATEMENTS

3.A. Summary of Income and Obligations for Trust Funds Including G. M. Hubbard

Unobligated Funds Carried Forward from Fiscal 1994	\$ 3,699,603
Permanent Loan Principal Made Available (See below)	4,649,775
Income, Fiscal 1995	12,245,316
Available for Obligation, Fiscal 1995	\$20,594,694
Obligations, Fiscal 1995	(5,114,653)*
Unobligated Funds Carried Forward to Fiscal 1996	\$15,480,041**

* This figure includes amounts classified as obligations such as principal amounts invested in the U.S. treasury or transfers to the private sector. As a result, this figure overstates obligations.

** This amount represents the balance of unobligated funds available for the purpose of the applicable funds or for investment. This figure is understated because the Library's policy on the private sector accounts is to reinvest income earned in the private sector and to withdraw the income earned only when required for spending. Thus, there is a significant amount of accumulated income that is available for obligation but is located at NationsBank Trust. Also, certain accounts at NationsBank allow for the use of principal (Junior Fellows, Swann Memorial, and the Scala trust in the Combined Fund). Therefore, the total amount of unobligated funds carried forward to fiscal 1996 for possible expenditure is \$18,710,611 (\$15,480,041 + \$3,230,570).

Funds Invested in the Permanent Loan Available for Obligation	Amount	Accumulated Income and Principal Invested in the Private Sector Available for Obligation	Amount
Bendiner Memorial Fund	\$ 500,000	Leonora Jackson McKim	\$ 498,215
Julian & Freda Berla	100,000	Carolyn Royall Just	193,213
Development Fund	38,844	Junior Fellows Fund	505,383
Ira & Leonore Gershwin	350,000	Louchheim Foundation	21,030
IBM-Charles Eames Collection	400,000	Kindler Foundation	49,413
James Madison Council	674,005	Harold & Rose Spivacke	78,119
Jones Global Library Project		Caroline & Erwin Swann Memorial	1,609,616
Network Segment	1,013,583	Joanna J. Goldman Memorial	33,055
American Memory Segment	2,743	Combined Fund	110,362
Korean Trust Fund	405,176	Coolidge Foundation	39,935
Leadership Development	510,000	Scala Trust	92,229
Mary Pickford Foundation	60,057		
Project Judaica Foundation	54,525		
Caroline & Erwin Swann Mem.	540,842		
	\$4,649,775		\$3,230,570

LIBRARY OF CONGRESS TRUST FUND BOARD
SUMMARY OF INCOME AND OBLIGATIONS FOR INDIVIDUAL TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

Trust Fund	Purpose	Restricted	Unobligated	Income	Obligated	Unobligated	Principal		Year Est.	Permanent Loan Principle Available	
		Principal 9/30/95	Balance 10/1/94	Fiscal 1995	Fiscal 1995	Balance 9/30/95	Type	Used			
Allen, Raye Virginia	American Folklife projects	33,168	19,069	3,146	229	21,986	PL	N	1984		
Babine, Alexis	Purchase of Slavic material	7,214	9,844	374	1,148	9,070	TCo	N	1931		
Bendiner Memorial	Housing & Preservation of Bendiner Archives	See Note 5	69,261	38,772	9,987	598,666	PL	Y	1992	500,000	
Benjamin, William E.	Purchase/Maintain Amer History Material	89,668	129,445	5,154	2,444	132,155	TCo	N	1927		
Berla, Julian & Freda	Support, Promotion, Advancement of Music	See Note 5	5,297	7,454	64	112,687	PL	Y	1994	100,000	
	Upkeep CK Berryman Colln	5,000	665	389	0	1,054	PL	N	1992		
	Improve Accessibility & Knowledge of Library Coll.	11,000	0	10,415	10,000	415	PL	N	1995		
Boorstin, D&R Publications Fund	Support Publications of Ctr for the Book	105,569	105,569	5,115	1,268	109,416	TB	Y	1986		
Bowker, R.R.	Support Bibliographic services	16,020	23,271	926	272	23,925	TCo	N	1926		
Carnegie Corp	Promotion of Fine Arts in the US	100,703	28,561	1,084	4,732	24,913	TCo	N	1927		
Center For The Book	Stimulate interest in books, reading, & libraries	35,117	19,037	3,301	229	22,109	PL	N	1987		
Coolidge Foundation (See Note 3)	Furtherance of musical research, composition, performance, and appreciation of music	See Note 5	20,196	14,300	24,189	10,307	TCo	N	1926		
Croft, Wm & Adeline	Support music purposes	653,201	51,995	49,427	2,120	99,302	PL	N	1990		
Cronin, John W. Bequest	Acquisition of books on medieval history, religion, & French literature	25,000	24,190	2,773	291	26,672	PL	N	1984		
Dadian, Arthur H.	Acquisition of Armenian material	500,000	28,544	36,738	35,226	30,056	PL	N	1991		
Development Fund- Var Don	Support program development efforts in connection w/the Library, its services or its colln	See Note 5	263,840	18,520	116,246	204,958	PL/TB	Y	1988	38,644	
Eison Memorial Fund	Foster interest of the public in music or its literature & to provide one or more free annual lectures	13,583	2,168	86	0	2,254	TCo	N	1944		
Evans, Archibald	Acquisition of 18th Century American Newspapers	25,000	5,597	2,033	67	7,563	PL	N	1976		
Feinberg, Lenore & Charles	Acquisition books, manuscripts, & material about Walt Whitman & other American writers	875 (PL) 190	758	44	0	802	PL/TCo	N	1970		
Friends of Music	Enrich music collection	11,659	1,183	896	(52)	2,133	PL	N	1942		
Freud, Sigmund Fund	Acquisition, preservation, exhibition for Sigmund Freud collections, lectures, & seminars	See Note 5	0	41,760	9,776	31,984	TB	Y	1995		
Gershwin, Ira & Leonora (Note 4)	Perpetuate names & works of Ira & George Gershwin	See Note 5	294,622	544,634	1,004,359	184,897	PL/TCo	Y	1992	350,000	
Goldman, Joanna J. Memorial (See Note 3)	Encourage comment/analysis of issues in American Democracy	See Note 5	404,372	2,543	10,889	9,136	4,296	TCo	N	1992	
Guggenheim, Daniel Fund for the Promo of Aeronautics	Promote and encourage interest in aviation & aerospace travel	97,838	229,003	8,260	72,555	164,708	TCo	N	1929		
Hanks, Nymphas C. Fund	Further work for benefit of & books for the blind	5,642	4,800	191	0	4,991	TCo	N	1956		
Huntington, Archer M.											
Donation	Purchase Hispanic material	120,766	12,530	604	8,578	4,556	TCo	N	1928		
Donation	Consultant in Spanish/Portuguese Literature	53,494	29,334	1,119	11,452	19,001	TCo	N	1928		
Bequest	Upkeep of Hispanic Society Rm. & its colln/ Chair	52,974	26,496	1,054	669	26,881	TCo	N	1936		
Trust (See Note 1)	Chair Poetry English Language	52,974	128,185	63,187	93,565	97,787	TCo	N	1936		
IBM-Eames Fund	Maintain the Charles Eames Colln	See Note 5	153,898	40,005	130,063	463,840	PL	Y	1984	400,000	
Iserbergh Clarinet Fund	Support public concerts & music colln featuring the clarinet & other woodwind instruments	75,025	22,909	6,332	12,275	16,966	PL	N	1985		
James Madison Council	Promotion of LC collections/programs	See Note 5	261,261	1,178,307	117,512	1,996,061	PL/TB	Y	1989	674,005	

LIBRARY OF CONGRESS TRUST FUND BOARD
SUMMARY OF INCOME AND OBLIGATIONS FOR INDIVIDUAL TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

Trust Fund	Purpose	Restricted Principal 9/30/95	Unobligated Balance 10/1/94	Income Fiscal 1995	Obligated Fiscal 1995	Unobligated Balance 9/30/95	Principal		Year Est.	Permanent Loan Principle Available
							Type	Used		
Jones International										
Global Library Project	American Memory Task Force Segment	See Note 5	4,398	374	0	7,515	PL	Y	1990	2,743
Global Library Project	Network Segment	See Note 5	98,735	74,954	225,356	959,917	PL	Y	1990	1,013,584
Junior Fellows Fund (See Note 3)	Furtherance of Junior Fellows program	See Note 5	15,933	266,130	262,359	19,704	TCo	Y	1993	
Jurow, Mae & Irving	Perform chamber music w/Harpicord	100,000	8,342	7,529	100	15,771	PL	N	1981	
Just, Carolyn R. (See Notes 3 & 5)	Sponsor chamber music concerts	2,666,403	38,375	90,935	128,699	611	TCo	N	1993	
Kaplan, Milton	Acquisition of 18th & 19th century prints	3,335	1,149	287	0	1,436	PL	N	1975	
Kellog Foundation - NDL	Use of Library historical materials at elementary & secondary school levels.	See Note 5	0	1,004,460	924,875	79,585	TB	Y	1995	
Kindler Foundation (See Note 5)	Sponsor concerts, commission compositions	239,050	7,873	313	95	8,091	TCo	N	1984	
Korean Trust	Expand Korean section, programs	See Note 5	32,894	34,851	12,051	460,870	PL	Y	1990	405,176
Kostelanetz, Andre	Acquisition of music material	10,000	2,405	820	0	3,225	PL	N	1980	
Koussevitzky Music Fdn	Support commission, performance of new music	208,099	12,668	15,451	8,582	19,537	PL	N	1949	
Kroyt, Boris & Sonya	Support music by lesser known artists	93,296	18,697	7,504	225	25,978	PL	N	1981	
Leadership Development Program	Support Leadership Program	See Note 5	103,096	550,121	461,427	701,790	PL	Y	1994	510,000
Lebo, Shirley B.	Acquisition of Performing Arts material	10,000	3,394	859	0	4,253	PL	N	1987	
Longworth, Nicholas	Furtherance of music	11,539	1,939	77	0	2,018	TCo	N	1933	
Louchheim Foundation (Note 5)	Broadcast concerts, poetry readings	133,679	10,226	396	7,322	3,300	TCo	N	1967	
McKim, Leonora J. (See Note 3)	Support compositions, performance violin/piano by Americans	See Note 5 2,987,966	22,843	31,195	38,042	15,996	TCo	N	1970	
Miller, Dayton C.	Maintain/expand flute Collection	22,177	16,310	532	13,562	3,280	TCo	N	1943	
Moldenhauer Archives Fdn	Augment Moldenhauer Archives at LC	280,239	18,636	19,673	19,754	18,555	PL	N	1988	
National Digital Library	Produce digital version of core Americana via World Wide WEB	See Note 5	0	7,565,042	895,061	6,669,981	TB	Y	1995	
Natl Library For Blind	Blind reading material and employment of blind	38,869	82,461	3,281	973	84,769	TCo	N	1952	
Parsons, G. E. & C. L.	Make ethnographic materials avail. to private sector	16,720	0	11,695	11,255	440	PL	N	1995	
Pennell, Joseph	Acquisitions for Whistler or Pennell Collns	327,283	36,435	1,450	1,757	36,128	TCo	N	1936	
Pickford, Mary Foundation	Supp programs related to the motion picture industry	See Note 5	4,368	6,793	(2,957)	74,175	PL	Y	1983	60,057
Porter Memorial	Consultants or any LC purpose	290,500	224,532	29,619	37,784	216,367	PL	N	1938	
Project Judaica Foundation	Acquisition, exhibition of Hebraic material	See Note 5	30,284	12,516	5,565	91,760	PL/TB	Y	1990	54,525
Reid, Samuel C.	Grant to promising writer of American scene	74,126	60,505	7,754	10,727	57,532	PL	N	1981	
Roberts, Margaret A.	Benefit LC's Colln/Services	67,673	23,730	926	2,250	22,406	TCo	N	1951	
Scala Memorial	Arrangement, editing, publication Scala military band material, promotion of Scala's music	See Note 5	20,181	803	196	20,788	TCo	Y	1966	
Schmid, K. B. Memorial Fund	Promote & advance music programs through concerts & develop collection of rare & exceptional books and music									
		57,609	0	31	0	31	PL	N	1995	
Sonneck Memorial Fund (See Note 3)	Support musical research	13,046	1,681	166	0	1,847	TCo	N	1929	
Spivacke, H. & R. (See Notes 3 & 5)	Purchase books, manuscripts for Music Division	1,036,397	16,941	55,771	69,207	3,505	TCo	N	1983	
Stern, Alfred W. Memorial	Maintenance, additions to Stern colln of Lincoln mat	27,549	23,852	2,943	1,919	24,876	PL	N	1963	
Strickland, Wm & AA Hull	Promotion, advancement of American Music	286,033	20,828	21,544	8,250	34,122	PL	N	1992	
Swann, Caroline & Erwin Memorial (see Note 3)	Maintenance, exhibition of Swann Collection of cartoons and caricatures	See Note 5	58,476	110,345	147,073	562,590	PL/TCo	Y	1976	540,842
Thanhouser Endowment	Acquisition, preservation early American silent film	4,172	4,423	1,102	0	5,525	PL	N	1989	

LIBRARY OF CONGRESS TRUST FUND BOARD
 SUMMARY OF INCOME AND OBLIGATIONS FOR INDIVIDUAL TRUST FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

Trust Fund	Purpose	Restricted Principal 9/30/95	Unobligated Balance 10/1/94	Income Fiscal 1995	Obligated Fiscal 1995	Unobligated Balance 9/30/95	Principal		Year Est.	Permanent Loan Principle Available
							Type	Used		
Vincent, Rose & Monroe	Support concerts @ LC	15,600	4,501	1,285	0	5,786	PL	N	1990	
Whittall, Gertrude C. Donation/Bequest	Maintenance Stradivari instruments/Tourte bows	1,540,809	235,520	121,046	12,173	344,393	PL	N	1936	
Donation/Bequest (See Note 2)	Poetry and literature	957,978	151,975	74,094	91,453	134,616	PL	N	1950	
Wilbur, James B. Donation	Acquisition, Reproduction American Manuscript material in European Archives	207,186	238,456	9,281	33,984	213,753	TCo	N	1925	
Bequest	Benefit Geography & Map Division	88,023	23,584	954	7,258	17,280	TCo	N	1931	
Bequest	Treatment of source material for American history	33,642	42,551	1,693	496	43,748	TCo	N	1931	
Subtotal		15,145,918	3,695,248	12,243,866	5,114,653	15,474,257				4,649,776
Hubbard, Gertrude M. Beq	Purchase of prints for G.G. Hubbard Colln	20,000	4,356	1,429		5,785	PL	N	1912	
Total		15,165,918	3,699,604	12,245,315	5,114,653	15,480,042				4,649,776

PL – Permanent Loan TCo – Trust Company TB – Short term Treasury Securities

Balances include rounding differences of \$1.

Notes:

- This trust is managed by the Bank of New York. The Library does not have custody of the principal. Income of \$57,195 received from the Bank of New York was increased by \$5,992 through reinvestment in Treasury securities.
- Mrs. Whittall originally created three funds devoted to poetry and/or literature: the Poetry Fund (1950) devoted to poetry reading and lectures; the Poetry & Literature Fund (1952) for oral presentations in general literature and the Fund for the Appreciation and Understanding of Good Literature (1955). Since they have similar purposes, they have been consolidated for this report.
- Income received from NationsBank Trust Company of \$30,000 (McKim), \$13,000 (Coolidge), \$10,500 (Goldman), \$55,000 (Spivacke), \$88,000 (Just), \$9,500 (Junior Fellows) and \$70,000 (Swann).
- This trust is managed outside the Library. Funds are remitted by the trustee as required by the Music Division for the purposes of the trust.
- These funds, unlike the majority of the Library's endowments, allow for the spending of principal, i.e., original and subsequent donations. The "Restricted Principal" column is funds that cannot be spent under the terms of the trust. Not included are amounts placed in "principal-type" investments that are available for expenditure. For example, amounts invested in the Permanent Loan available for expenditure are shown above in the amount of \$4,649,776. Others are in Treasury Bills and Private Sector investments. For example: Junior Fellows Fund (\$502,349), Caroline & Erwin Swann Memorial (\$1,604,459), and the Scala Trust Fund (\$92,229).

LIBRARY OF CONGRESS TRUST FUND BOARD
SUMMARY OF OBLIGATIONS BY TYPE FOR INDIVIDUAL TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

Trust Fund	Consultants	Entertainment	Grants	Misc Services & Transfers *	Exhibit Supplies Comp. Software Office Supplies	Performances	Photodup	Printing	Purch books, newspapers sound reproductions	Purch equip wk stations	Staff Support	Phone Postage Transport.	Travel	Prior Yr. Adjust.**	Total
Allen, Rave Virginia	0	0	0	0	0	0	0	0	0	0	229	0	0	0	229
Bendiner Memorial	0	0	0	0	0	0	0	0	1,033	0	115	0	0	0	1,148
Benjamin, William E.	1,023	367	0	0	0	0	0	0	8,535	0	832	0	0	0	9,367
Beria, Julian & Freda	0	0	0	0	0	0	0	0	0	0	64	0	0	0	0
Berryman, C.K. Memorial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Billington, James H.	0	0	0	10,000	0	0	0	0	0	0	0	0	0	0	10,000
Boorstin, D&R Publications Fund	0	0	0	0	0	0	0	0	0	0	1,268	0	0	0	1,268
Bowker, R.R.	0	0	0	0	0	0	0	0	0	0	272	0	0	0	272
Carnegie Corp	0	0	0	1,400	0	0	0	0	0	0	296	0	3,175	(139)	4,732
Center For The Book	0	0	0	0	0	0	0	0	0	0	229	0	0	0	229
Coolidge Foundation	14,806	0	13,000	970	0	0	0	0	0	0	700	0	2,960	(6,276)	24,190
Croft, Wm & Adeline (See Note 2)	0	0	0	0	0	0	0	0	0	0	625	0	1,496	0	2,121
Cronin, John W. Bequest	0	0	0	0	0	0	0	0	0	0	291	0	0	0	0
Dadlan, Arthur H.	500	1,500	0	550	0	0	0	15	0	0	32,196	0	342	123	35,226
Development Fund- Var. Don.(See Note 1)	178,616	6,931	0	69,406	0	0	1,174	0	0	0	3,452	300	931	(144,567)	116,245
Elson Memorial Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Evans, Archibald	0	0	0	0	0	0	0	0	0	0	67	0	0	0	67
Feinberg, Lenore & Charles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Freud, Sigmund Fund	8,075	507	0	199	0	0	0	0	0	0	88	100	607	0	9,776
Friends of Music	0	0	0	0	0	0	0	0	0	0	0	0	576	(626)	(52)
Gershwin, Ira & Leonore (See Note 2)	180,039	24,054	0	53,879	0	330,496	250	43,555	340,932	18,515	33,214	150	29,294	(50,019)	1,004,359
Goldman, Joanna J. Memorial	13,350	950	0	1,106	0	0	0	135	0	0	0	0	0	(6,406)	9,137
Guggenheim, Daniel Fund for the Promotion of Aeronautics	0	0	0	0	0	0	43,000	0	0	0	26,051	0	0	3,504	72,555
Hanks, Nymphas C. Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Huntington, Archer- All (See Note 3)	77,126	1,780	0	820	0	0	1,526	679	12,062	0	47,660	0	5,372	(32,759)	114,266
IBM-Eames Fund	100,051	1,725	0	(99,203)	6,240	0	50	0	0	3,623	114,035	400	9,023	(5,880)	130,064
Isenbergh Clarinet Fund	0	0	12,000	0	0	0	0	0	0	0	275	0	0	0	12,275
James Madison Council (See Note 4)	234,832	93,652	0	(541,640)	7,716	0	6,440	53,394	126,436	24,800	108,045	7,846	43,860	(49,670)	0
Jones International- Both	12,700	1,000	0	116,325	0	0	0	0	0	0	90,692	1,075	3,463	102	0
Junior Fellows Fund	0	838	0	164,250	884	0	318	784	0	0	95,270	0	0	15	0
Jurow, Mae & Irving	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0
Just, Carolyn R.	11,400	0	0	7,676	0	33,091	0	2,531	1,800	18,432	56,639	0	0	(4,672)	0
Kaplan, Milton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kellog Foundation	637,790	1,026	0	120,356	3,083	0	0	336	0	22,539	130,027	200	9,517	0	924,676
Kindler Foundation	0	0	0	0	0	0	0	0	0	0	95	0	0	0	95
Korean Trust (See Note 5)	12,368	0	0	(85,372)	0	0	0	0	58,913	2,813	38,041	20	27,023	(41,775)	0
Kostelanetz, Andre	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Koussevitzky Music Fdn	3,000	366	5,000	0	0	0	0	0	0	0	196	0	0	0	8,562
Kroyt, Boris & Sonya	0	0	0	0	0	0	0	0	0	0	225	0	0	0	225
Leadership Development Program	9,639	1,065	0	208,723	73	0	415	8,665	0	0	223,964	200	9,109	(146)	461,427
Lebo, Shirley B.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

LIBRARY OF CONGRESS TRUST FUND BOARD
SUMMARY OF OBLIGATIONS BY TYPE FOR INDIVIDUAL TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

Trust Fund	Consultants	Entertainment	Grants	Misc Services & Transfers *	Exhibit Supplies Comp. Software Office Supplies	Performances	Photodup	Printing	Purch books, newspapers sound reproductions	Purch equip wk stations	Staff Support	Phone Postage Transport.	Travel	Prior Yr. Adjust.**	Total
Longworth, Nicholas Fdn	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Louchheim Foundation	0	0	0	460	142	577	0	0	0	6,000	123	0	0	0	7,322
McKim, Leonora J.	0	0	0	6,137	0	30,000	0	2,531	0	0	274	0	0	(900)	
Miller, Dayton C.	0	0	0	0	0	0	0	0	0	0	13,562	0	0	0	
Moldenhauer Archives Fdn (See Note 6)	18,900	0	0	235	1,648	0	53	0	0	0	10,118	0	0	(11,200)	
National Digital Library	77,285	6,539	0	413,975	11,197	0	594	12,957	0	86,003	274,279	522	11,711	0	
Natl Library For Blind	0	0	0	0	0	0	0	0	0	0	973	0	0	0	973
Parosn, G. E. & C. L.	0	0	0	11,255	0	0	0	0	0	0	0	0	0	0	11,255
Pennell, Joseph	0	0	0	0	0	0	0	0	1,471	0	286	0	0	0	1,757
Pickford, Mary Foundation	0	0	0	(49,925)	0	0	0	3,888	0	0	41,697	639	28	718	(2,957)
Porter Memorial	0	27,727	0	4,102	740	0	563	532	0	0	6,396	0	0	(2,277)	37,783
Project Judaica Foundation	0	114	0	520	0	114	0	0	0	0	389	71	4,807	(335)	5,566
Reid, Samuel C.	0	0	10,000	0	0	0	0	0	0	0	727	0	0	0	10,727
Roberts, Margaret A.	0	0	0	0	0	0	0	0	0	0	254	0	1,998	0	
Scala Memorial	0	0	0	0	0	0	0	0	0	0	196	0	0	0	196
Schmid Memorial Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sonneck Memorial Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spivacke, Harold & Rose	8,620	0	0	0	197	0	0	0	57,240	0	204	0	2,947	0	69,208
Stern, Alfred W. Memorial	0	0	0	0	0	0	0	0	1,632	0	287	0	0	0	1,919
Strickland, Wm & AA Hull	8,000	0	0	0	0	0	0	0	0	0	250	0	0	0	
Swann, Caroline & Erwin Memorial	9,998	0	0	33,099	8,403	0	3,324	6,753	24,750	0	54,081	300	5,771	593	147,072
Thanouser Endowment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vincent, Rose & Monroe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Whittall Music	0	0	0	280	0	0	0	0	0	0	9,712	0	2,399	(216)	12,173
	0	29,978	0	5,815	0	41,859	0	13,836	0	0	7,395	0	0	(7,431)	91,452
	0	0	0	0	75	0	625	0	0	0	3,506	5,000	32,642	(117)	41,731
	1,618,140	200,139	40,000	455,424	40,398	436,023	58,332	150,613	636,604	182,725	1,433,176	16,823	210,550	(364,294)	5,114,653
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1,618,140	200,139	40,000	455,424	40,398	436,023	58,332	150,613	636,604	182,725	1,433,176	16,823	210,550	(364,294)	5,114,653

Balances include rounding differences of \$1.

* Miscellaneous services and transfers includes transfers of \$845,840 from Gift Funds, the Private Sector Manager, and the Permanent Loan.

** Prior Fiscal Year Adjustments refer to funds obligated in prior fiscal years that were liquidated at a different amount and/or cancelled and the adjustment recorded in the applicable funds. Significant amounts are explained below:

Note to Prior Fiscal Year Adjustments:

- \$144,567 is deobligation of monies allocated for consultants (\$137,786), entertainment (\$6,225), and travel (\$556).
- \$50,019 is the deobligation of monies allocated for consultants (\$35,500), miscellaneous services (\$10,750), travel (\$3,667), and performances (\$102).
- \$32,759 is the deobligation of monies allocated for purchase of books (\$3,567), consultants (\$28,576), travel (\$246), and other various miscellaneous items (\$370).
- \$49,870 is the deobligation of monies allocated for miscellaneous services (\$24,987), consultants (\$24,021), supplies (\$3,405), printing (\$3,202), travel (\$2,579), books (\$621), postage (\$41), entertainment (\$407), and an obligation increase adjustment for staff services (\$9,393).
- \$41,775 is the deobligation of monies allocated for books and materials (\$41,588), travel (\$374), and an obligation increase for staff support (\$167).
- \$11,200 is deobligation of monies allocated for consultants (\$11,200).

4. SUPPLEMENTAL FINANCIAL AND MANAGEMENT INFORMATION

A. Reconciliations

1. Combined Schedule of Reconciliation to Budget

The following schedule reconciles the Unexpended Balance of Budgeted Funds as reported to the U.S. Department of Treasury to the amount shown as Funds with U.S. Treasury plus the amount on Permanent Loan to U.S. Treasury on the combined statement of financial position for the Fiscal year ended September 30, 1995.

Amounts from Year-End Closing Statements Reported to U.S. Treasury (TFS Form 2108):

	Trust Funds	G.M. Hubbard Account	Total
Obligated fund balances (TFS Form 2108 columns 9 plus 10)	\$2,230,548	\$0	\$2,230,548
Unobligated fund balance (Column 11)	21,000,314	5,785	21,006,099
Total Budget Resources	\$23,230,862		\$23,236,647
Less:			
Receivables (Column 7)	276,380	0	276,380
Investments in public debt securities (Column 6)	12,341,133	0	12,341,133
Unexpended balance of budgeted funds included on TFS Form 2108	\$10,613,349	\$5,785	\$10,619,134
Amounts from Combined Financial Statements:			
Funds with U.S. Treasury	\$633,350	\$5,785	\$639,135
Permanent loan to U.S. Treasury	9,979,999	*	9,979,999
Total funds with U.S. Treasury and Permanent loan to U.S. Treasury	\$10,613,349	\$5,785	\$10,619,134

* The TFS 2108 does not list the G. M. Hubbard Bequest of \$20,000 because this fund was accepted under a different Act of Congress and is accorded separate treatment in the U.S. Treasury's records.

2. Reconciliation of Income to Statement of Operations Revenue Amount

Income, per summary (Section 3)				\$12,245,316
Add:				
Additions to Permanent Loan (excluding transfers) (Note 6)		\$1,066,487		
Increase in Pledges Receivable		6,812,315		
Accrued Income Unavailable for Distribution (Note 7)				
Interest Receivable on Notes	\$152,912			
Amortized Discount on Notes	39			
Amortized Premium on Notes	(14,518)			
Amortized Accrued Interest on Notes Purchased	(7,395)			
Amortized Discount on Bills	110,973			
Balance 9/30/95		\$242,011		
Less: Balance 9/30/94		19,337	222,674	
Gain in Value of Private Investments (Note 10A)		\$581,421		
Less: Amount due U.S. Treasury		5,528	575,893	8,677,369
Revenue, per Statement of Operations				\$20,922,685

3. Reconciliation of the Summary of the Unobligated Trust Fund Balance to the Statement of Financial Position, Fund Balance

Total Unobligated Funds carried forward to fiscal 1996, per the Summary of Income and Obligations for Individual Trust Funds				\$15,480,041
Add:				
Unliquidated Trust Fund Obligations		\$1,793,583		
Permanent Loan (Unavailable)		5,350,224		
Investments – Private		12,917,822		
Accrued Interest Amount Unavailable for Distribution				
Interest Receivable on Notes	\$152,912			
Amortized Discount on Notes	39			
Amortized Premium on Notes	(14,518)			
Amortized Accrued Interest on Notes Purchased	(7,395)			
Amortized Discount on Bills	110,973			
Balance as of 9/30/95		242,011		
Donation Pledges		8,992,315		
Deferred Vouchers		1,366		
Subtotal			29,297,321	
Deduct:				
Accrued Staff Support Annual Leave		\$84,898		
Deferred Credit for Pending Donation		438,600		
Accounts Payable for Earnings on Donations Pending Acceptance		5,528		
Unrealized Gain on Investments		560,345		
Rounding		1	1,089,372	
Fund Balance, per Statement of Financial Position				\$43,687,990

B. Other Financial Data

(1) Cash in the Permanent Account
 Total on October 1, 1994
 Donations, Fiscal 1995
 Transfers, Fiscal 1995
 Total on September 30, 1995

\$9,996,852.00
 1,066,487.00
(1,063,340.00)
\$9,999,999.00

Fund	Balance as of 9/30/95	Balance as of 9/30/94	FY 95 Increase (Decrease)
Allen, Raye Virginia	\$33,166	\$32,666	\$500
Bendiner, Alfred and Elizabeth Memorial	500,000	500,000	
Beria, J. E. & F. H.	100,000	100,000	
Berrymen, Clifford K. Memorial	5,000	5,000	
Billington, James H.	11,000	0	11,000
Center for the Book	35,117	35,117	
Croft, William and Adeline	653,201	653,201	
Cronin, John W.	25,000	25,000	
Dadian, Arthur H.	500,000	500,000	
Development	38,844	38,844	
Evans, Archibald B.	25,000	25,000	
Feinberg, Lenore B. and Charles E.	190	190	
Friends of Music in the Library of Congress	11,659	11,659	
Gershwin, Ira & Leonore	350,000	350,000	
IBM - Eames	400,000	500,000	(100,000)
Iserbergh Clarinet	75,025	75,025	
James Madison National Council	674,005	1,608,600	(934,595)
Global Library Project - Network Segment	1,013,583	13,583	1,000,000
Global Library project - American Memory Task Force Segment	2,743	2,743	
Jurow, Mae and Irving	100,000	100,000	
Kaplan, Milton	3,335	3,335	
Korean Fund	405,176	505,176	(100,000)
Kostelanetz, Andre	10,000	10,000	
Koussevitzky, Serge Music Foundation	208,099	208,099	
Kroyt, Boris and Sonya Memorial	93,296	93,296	
Leadership Development	510,000	400,000	110,000
Lebo, Shirley Bystrom	10,000	10,000	
Moldenhauer Archives Foundation	260,239	260,239	
Mary Pickford Foundation	60,057	110,057	(50,000)
Porter, Henry Kirke Memorial	290,500	290,500	
Parsons, Gerald S. and Corinne L.	16,720	0	16,720
Project Judaica Foundation	54,525	54,525	
Reid, Samuel Chester	74,126	74,126	
Schmid, Karl B. Memorial	57,609	0	57,609
Stern, Alfred Whital Memorial	27,549	27,549	
Strickland, William R. and Anne A. Hull Memorial	286,033	286,033	
Swann, Caroline and Erwin Memorial	540,842	540,842	
Thanouser Endowment	4,173	13,260	(9,087)
Vincent, Rose and Monroe	15,600	14,600	1,000
Whitall - Maintenance of Collection of Stradivarius instruments	1,540,609	1,540,609	
Whitall - Poetry Fund	101,150	101,150	
Whitall - General Literature Fund	706,828	706,828	
Whitall - Appreciation/Understanding of Good Literature Fund	150,000	150,000	
Subtotal	<u>\$9,979,999</u>	<u>\$9,976,852</u>	<u>\$3,147</u>
G. M. Hubbard Special Investment Account	20,000	20,000	
Total	<u>\$9,999,999</u>	<u>\$9,996,852</u>	<u>\$3,147</u>

(2) Permanent Loan Activity in Fiscal 1995

Net additions to the Permanent Loan amounted to \$3,147.00 as follows:

- ▶ Contributions were received from Northern Telecommunications Inc. for the Jones Global Library Project (\$1,000,000), from the Calvert N. Collins Family Foundation for the James H. Billington Fund (\$1,000), from Monroe Vincent for the Rose and Monroe Vincent Fund (\$1,000), from various donors for the Thanouser Fund (\$913), and from N. Allen for the Rae V. Allen Fund (\$500).
- ▶ The Library also received contributions from the Gift Administration Services Inc., charitable remainderman of the Janerio B. Schmid Charitable Remainder Unitrust to establish the Karl B. Schmid Memorial Fund (\$57,609), and from various donors to establish the Gerald E. and Corinne L. Parsons Fund for Ethnography (\$5,465).
- ▶ Funds were transferred into and out of the Permanent Loan for greater expected returns or to satisfy current operational needs. Transfers into the fund consisted of the Leadership Development Fund (\$110,000), the Project Judaica Fund (\$11,255), and donations from the Krasnoff Family Fund into the James H. Billington Fund (\$10,000). Transfers out of the funds were: the IBM Eames Funds (\$100,000), James Madison National Council (\$934,595), Korean Fund (\$100,000), Mary Pickford Foundation (\$50,000), and the Thanouser Endowment (\$10,000).

(3) NationsBank Combined Fund

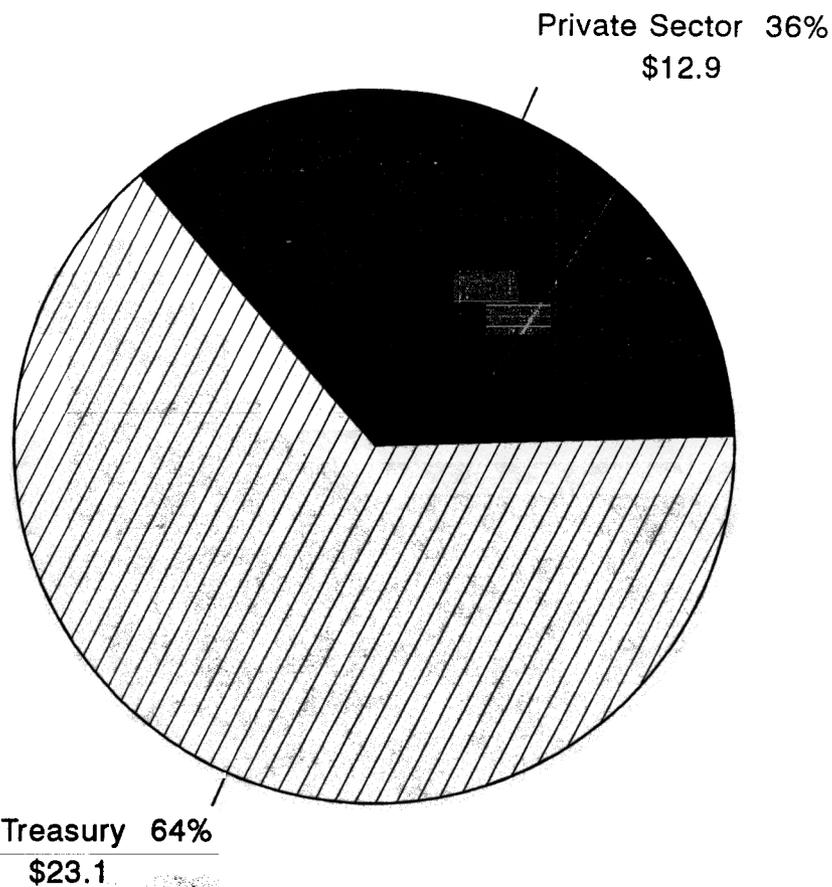
The Combined Fund includes Swann Foundation donations of \$438,600 pending final acceptance by the Joint Committee on the Library. The market value of this fund was adjusted by the Library's auditors, Price Waterhouse LLP to account for the funds due the Treasury on the Swann Foundation gift. The market value is \$2,051,572 in the statement of financial position.

Funds	Cost Value 9/30/95	Market Value 9/30/95
Babine, Alexis V., Bequest	\$7,214	\$7,642
Benjamin, William Everts Fund	89,668	94,992
Bowker, R.R., Fund	16,020	16,971
Carnegie Corporation of New York Fund	100,703	106,682
Elson, Louis C., Memorial Fund (2 funds)	13,583	14,389
Feinberg, Lenore B. & Charles E., Fund	875	927
Guggenhejm, Daniel, Fund	97,838	103,647
Hanks, Nymphus Coridon, Bequest	5,642	5,977
Huntington, Archer M., Funds (4 funds)	281,226	297,927
Longworth, Nicholas, Foundation	11,539	12,224
Miller, Dayton C., Bequest	22,177	23,493
National Library for the Blind, Inc., Fund	38,869	41,177
Pennell, Joseph, Bequest	327,283	346,715
Roberts Bequest	67,673	71,691
Scala, Norman P., Memorial Fund	99,538	105,448
Sonneck Memorial Fund	13,046	13,821
Swann, Caroline & Erwin Memorial	438,600	444,128
Wilbur, James B., Funds (3 funds)	330,049	349,645
Total	\$1,961,543	\$2,057,496

LIBRARY OF CONGRESS

Trust Funds - September 30, 1995

Investment Funds: U.S. Treasury/Private



4-5

Total Investment Funds - \$36 Million

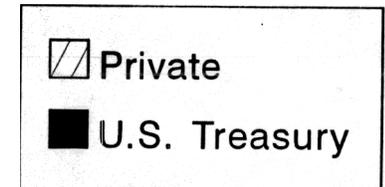
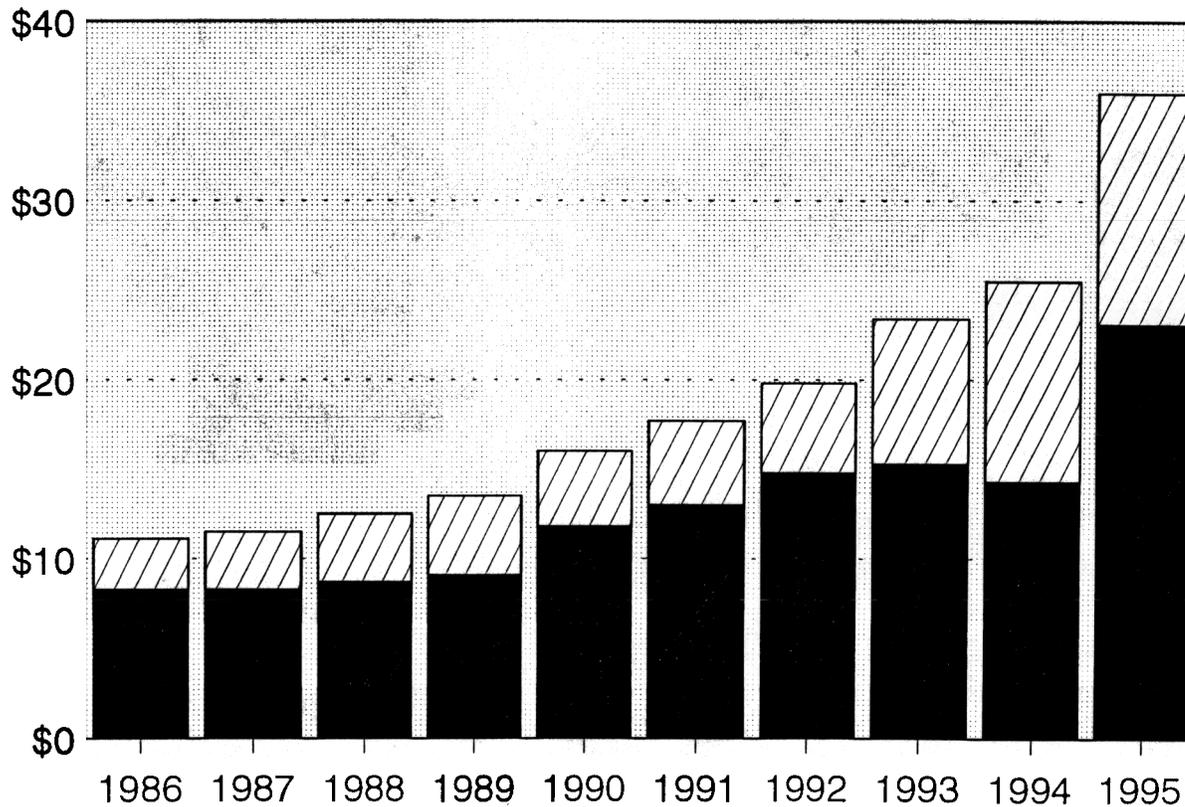
Note: Huntington & Gershwin Funds & Trust Fund Receivables and Liabilities are Excluded

LIBRARY OF CONGRESS

TRUST FUNDS - 10 YEAR HISTORICAL GROWTH

U.S. TREASURY/PRIVATE

4-6



Private	\$2.8	\$3.2	\$3.8	\$4.4	\$4.2	\$4.7	\$5	\$8.1	\$11.2	\$12.9
U.S. Treasury	\$8.3	\$8.3	\$8.7	\$9.1	\$11.8	\$13	\$14.8	\$15.3	\$14.3	\$23.1

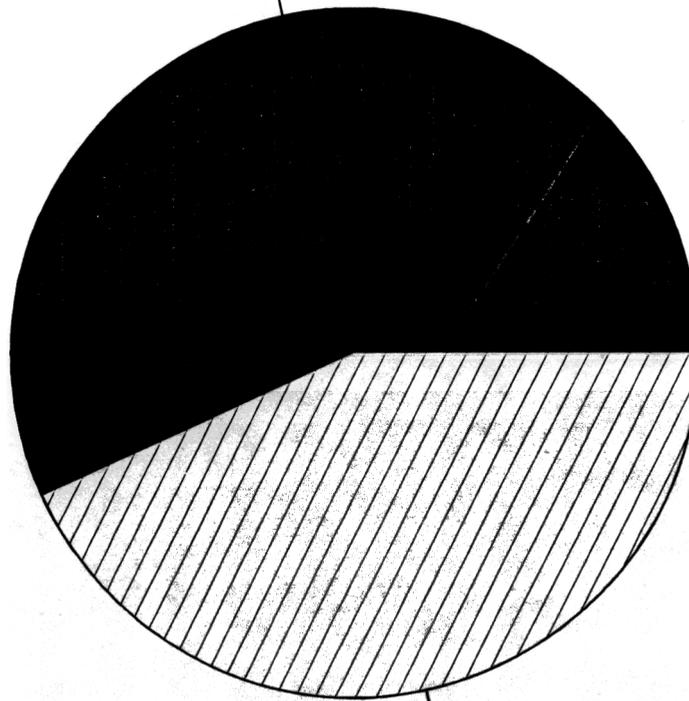
10 YEAR COMPARISON - MILLIONS

LIBRARY OF CONGRESS

Trust Funds - September 30, 1995

Investment Funds - U.S. Treasury

Available - short 57%
\$13.1



G.M. Hubbard beq & PL 43%
\$10

Total U.S. Treasury - \$23.1

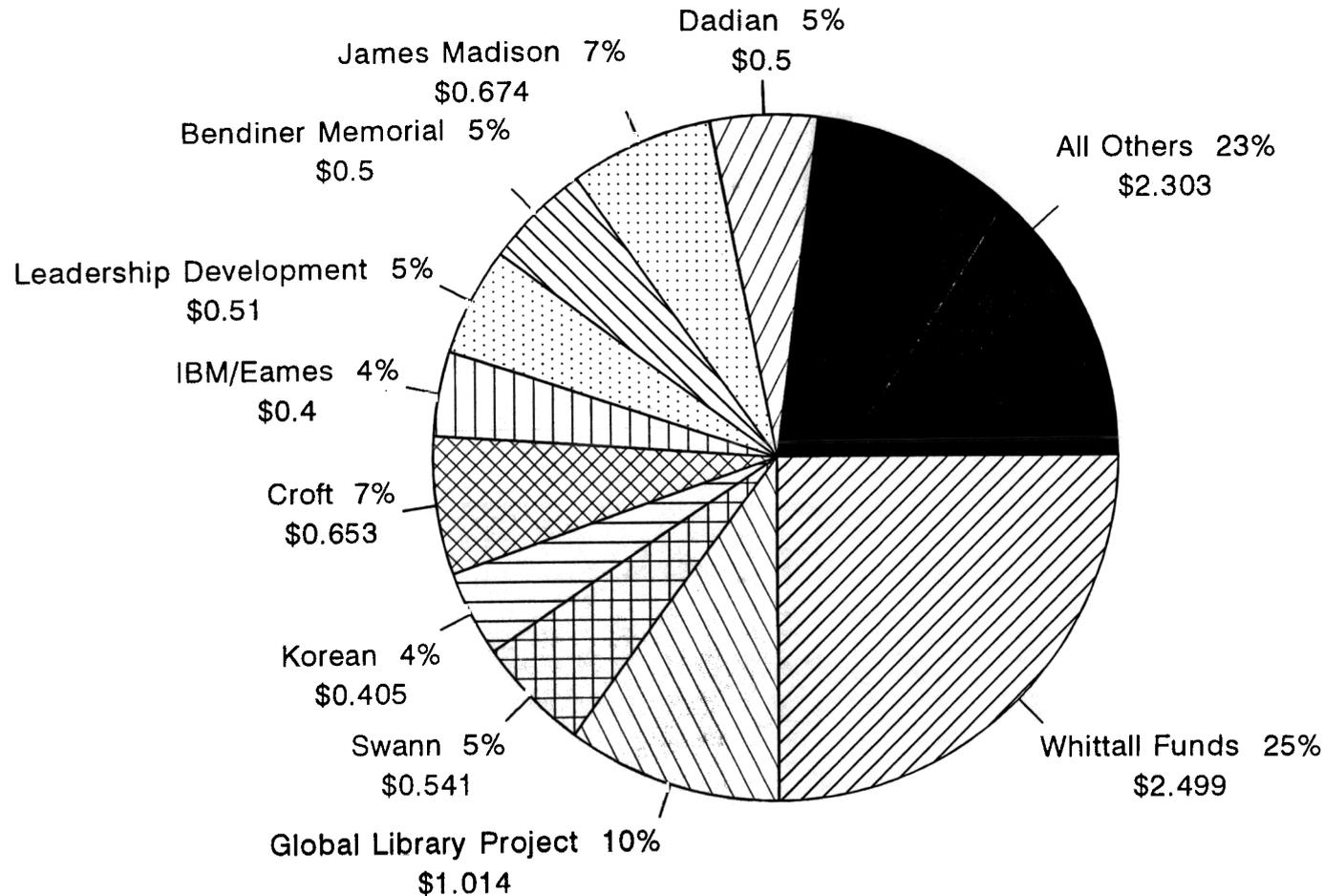
Millions of Dollars

Note: Interest Receivables and Liabilities are Excluded

LIBRARY OF CONGRESS

Trust Funds - September 30, 1995

Permanent Loan Account



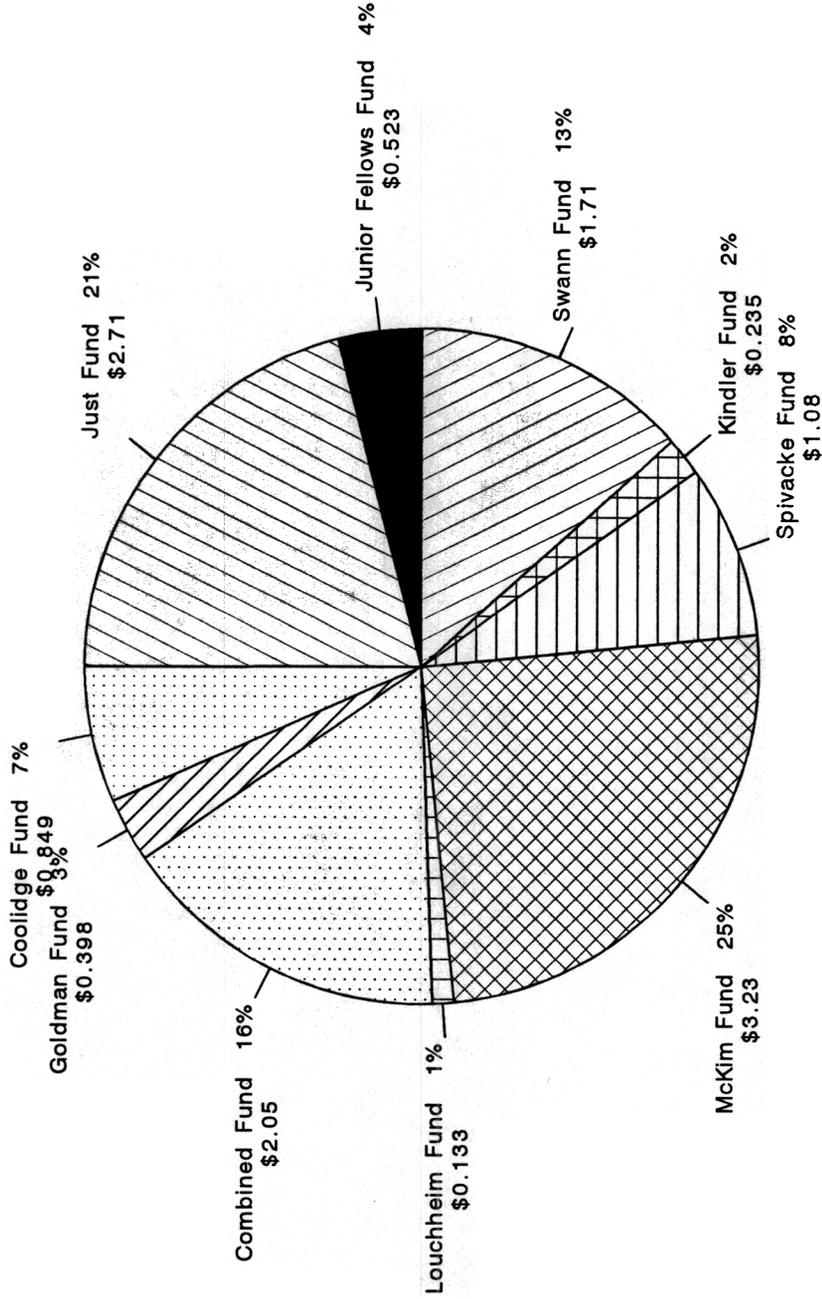
Total Permanent Loan Account - \$9.999

Millions of Dollars

LIBRARY OF CONGRESS

Trust Funds - September 30, 1995

Private Investments



Total Private Funds - Cost value \$12.4 million;
market value \$12.9 million

Huntington & Gershin Funds Excluded